



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Popular, Inc.

Person to be contacted regarding this report:	José A. Méndez Pérez
CPP Funds Received:	\$935,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	12/5/2008
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1129382
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	San Juan
State:	Puerto Rico

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	See comments on page 3.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	See comments on page 3.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

The Corporation did not hold CPP funds in a segregated account from its other funds. Since their receipt in December 2008, these funds (together with the Corporation's other funds held prior to the receipt of TARP), have been applied to a number of uses, including, without limitation, investments in the Corporation's banking subsidiaries to improve their ability to provide credit, to satisfy existing debt obligations of the Corporation and its subsidiaries, and otherwise generally to strengthen the Corporation and its subsidiaries financially. A decline in economic activity in Puerto Rico continued during 2009. Of importance was the slowdown in the construction industry and general deceleration in consumer credit appetite. Unemployment reached approximately 16%, levels not seen since the early '90s. As a result of the weak market conditions in both P.R. and the U.S., caution being exercised by our customers, and our decision to exit selected businesses on the mainland U.S. during 2009, we have seen an overall reduction in the overall volume of loan applications and reductions in our loan portfolios (payoffs and charge-offs have exceeded the loan origination volume). Nonetheless, the Corporation has continued to meet the needs of its creditworthy borrowers and during 2009 approved new, renewed or restructured credit facilities, including, \$6.7 billion in commercial and construction; \$1.8 billion in mortgages; \$740 million in consumer and credit cards; and \$450 million in automobile and lease financing. One of our main initiatives during the past 18 months has been to improve Popular's capital position. The CPP funds received in December 2008 assisted Popular during a very weak economic environment in which our banking subsidiaries needed additional capital reserves to manage the losses we were experiencing, and were forecasting, in our loan portfolios. Our most recent initiative directed at strengthening our capital occurred during April 2010, when the Corporation completed a \$1.1 billion equity raise and Banco Popular de Puerto Rico (BPPR) acquired certain assets and assumed certain deposit liabilities of Westernbank Puerto Rico ("WB") from the FDIC, as receiver for WB, in an assisted transaction. BPPR acquired approximately \$9.2 billion in assets and assumed approximately \$2.5 billion in non-brokered deposit liabilities. In connection with this assisted transaction, BPPR entered into loss sharing agreements with the FDIC with respect to approximately \$8.7 billion of loans.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.